

AMENDMENT IN TWO DIRECTIVES CONCERNING VEHICLE LOAN THRESHOLDS

This legal alert aims to set forth the new thresholds revised by Banking Regulation and Supervision Agency (“BRSA”) dated December 12, 2017 with regards to the loan extension thresholds applicable for vehicle loans, vehicle collateralized loans and financial lease of vehicles to be extended to consumers.

BRSA issued two new directives published in the Official Gazette numbered 30268 and dated December 12, 2017 which are respectively; (i) Directive Amending Directive on the Loan Operations of Banks and (ii) Directive Amending Directive on Principles for Establishment and Operations of Financial Leasing, Factoring and Financing Companies (“**Amendment Directives**”). These Amendment Directives will take effect as of the date they are published.

With these Amendment Directives, the loan extension threshold for vehicle loans, vehicle collateralized loans and financial lease of vehicles to be extended to consumers, is increased, however calculation method stays the same, such that;

- if the vehicle’s final invoice value is either TRY 100,000- or less than that, the loan to be extended may not exceed 70% (seventy percent) of the vehicle’s final invoice value,
- if the vehicle’s final invoice value is more than TRY 100,000- the loan to be extended may not exceed the sum of (i) TRY 70,000- (70% of the amount of TRY 100,00) corresponding to TRY

100,000- of the vehicle's final invoice value and (ii) the amount of 50% (fifty percent) of the vehicle's final invoice value exceeding TRY 100,000-.

In summary, please kindly note that the threshold for the vehicle's final invoice value which used to be TRY 50,000- before the Amendment Directives are issued, is now increased to TRY 100,000-.

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